
REPORT ON THE THIRD QUARTER 2022

SOLID EBITA MARGIN OF 14% AND IMPROVED OPERATING CASH FLOW

THIRD QUARTER 2022

- Net sales were SEK 7,576 m (5,545); an increase of 37%, of which -6% was organic growth.
- Operating profit (EBITA) before items affecting comparability was SEK 1,057 m (879), corresponding to a margin of 14.0% (15.9%).
- Items affecting comparability were SEK -326 m (-23) and were mainly related to activities in the previously announced global restructuring programs. Activities are progressing as planned and total estimated costs and savings from the programs remain as communicated before.
- Profit for the quarter was SEK 436 m (480).
- Earnings per share were SEK 1.36 (1.50). Adjusted earnings per share were SEK 2.53 (1.77).
- Cash flow for the quarter was SEK 488 m (2,550). Operating cash flow was SEK 812 m (346).
- Net debt to EBITDA leverage ratio at the end of the quarter was 3.0x (1.5x).

CEO COMMENT

"In a complex and challenging market environment we delivered substantial net sales growth of 37 percent, a solid EBITA margin before items affecting comparability of 14.0 percent (15.9) and an improved operating cash flow of SEK 812 m (346). Organic net sales declined by 6 percent mainly due to reduced Service & Aftermarket sales as retailers globally are rebalancing their inventory levels. In addition, sales to Recreational Vehicle manufacturers (RV OEM) specifically in the US declined as expected. The Marine segment continued its strong performance with organic net sales growth of 11 percent and it is encouraging to see how the acquisitions we made during 2021-2022 are contributing with profitable growth.

Our results show how we are transferring into a more diversified and resilient company with a larger exposure to low ticket discretionary spend products. Distribution and Service & Aftermarket accounted for 57 percent (50) of total net sales in the quarter while the lower margin RV OEM business accounted for 23 percent (31).

EBITA before items affecting comparability improved by 20 percent to SEK 1,057 m (879), corresponding to a margin of 14.0 percent (15.9). The Igloo business showed strong results with double-digit organic net sales growth (pro forma) and improved EBITA margins above 10 percent supported by price management, product innovation and cost control. As expected at the time of the acquisition, the Igloo business still has a dilutive effect on Group margin. The EBITA margin for the EMEA segment was disappointing at 8.6 percent (14.8). The EMEA segment margin was negatively impacted by the sales mix and by extraordinary logistics-related costs of SEK -35 m as a consequence of the congestions and leadtimes in the supply chain combined with a decline in market demand. All other segments delivered an EBITA¹ above that of the same quarter last year.

Operating cash flow for the quarter was SEK 812 m (346). Inventory levels remain elevated impacted by long lead times and weaker demand in Service & Aftermarket. Excluding the currency impact, inventories were stable compared to the second quarter and going forward we expect inventories to start trending down. The net debt to EBITDA leverage ratio was 3.0x, compared to 2.9x at the end of the second quarter of 2022. The increase was due to a weakened SEK against the USD and EUR impacting our debt balances at quarter end, this was partly offset by a stronger cash position. There is a strong focus on cash flow across the Group and we are committed to achieving our net debt to EBITDA leverage target of around 2.5x.

We are optimistic about the long-term trends in the Mobile Living industry and we are encouraged by the results generated from our strategic actions. However it is difficult to predict how the current macroeconomic situation, including high inflation and geopolitical uncertainty, will impact the business in the short term. We expect a gradual recovery of the demand in Service & Aftermarket coming quarters and a continued stable development in Distribution. In OEM we foresee a continued weakened demand coming quarters. In this challenging environment we are actively balancing our capacity with market demand, while at the same time investing for future profitable growth. While being agile and closely monitoring and acting on short-term market evolution, we will continue to implement our strategic agenda to deliver on our targets"

Juan Vargues President and CEO

ABOUT DOMETIC

Dometic is a global market leader in the mobile living industry. Millions of people around the world use Dometic products in outdoor, residential, and professional applications. Our motivation is to create smart, sustainable, and reliable products with outstanding design for an outdoor and mobile lifestyle in the areas of Food & Beverage, Climate, Power & Control, and Other Applications. Dometic employs approximately 9,000 people worldwide, had net sales of SEK 21.5 billion in 2021 and is headquartered in Stockholm, Sweden.

PRESENTATION OF THE REPORT

Analysts and media are invited to participate in a telephone conference at 10.00 (CEST) October 26, 2022, during which President and CEO, Juan Vargues, and CFO, Stefan Fristedt, will present the report and answer questions.

Webcast link: <https://dometic.videosync.fi/q3-2022>

To participate in conference call to ask questions

Those who wish to participate in the conference call to ask questions in connection with the webcast are welcome to register on the link below. After the registration you will be provided phone numbers and a conference ID to access the conference.

Registration link: <https://call.vsy.io/access-300>

Webcast URL and presentation are also available at <https://www.dometicgroup.com/en/investors>

This information is information that Dometic Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on October 26, 2022.

FOR FURTHER INFORMATION, PLEASE CONTACT

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